

## Message Text

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62

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

SPC-03 SAM-01 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-03 DODE-00 PA-04 PRS-01 FEA-02 SCI-06 NEA-11

DRC-01 /188 W

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O R 312245Z JAN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6373

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 0651

STATE ALSO FOR T/IPE

PASS TREASURY AND FRB

E.O. 11652: NA

TAGS: PGOV, ENRG, EGEN, EFIN, EEC

SUBJECT: EC COMMISSION DECLARATION ON THE STATE OF  
THE COMMUNITY

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REF: EC BRUSSELS 0350

1. SUMMARY. AS FORESHADOWED BY THE EC COMMISSION IN ITS STATEMENT FOLLOWING THE FRENCH FRANC FLOAT (REFTEL), EC COMMISSION PRESIDENT ORTOLI PRESENTED TO THE PRESS ON JANUARY 31 A COMMISSION DECLARATION ON THE STATE OF THE COMMUNITY. THE DECLARATION BREAKS NO NEW SUBSTANTIVE OR OPERATIONAL GROUND; IT IS AN ANALYSIS OF THE "GRAVE" SITUATION AS THE COMMISSION SEES IT. THE DECLARATION MAKES A STRONG APPEAL FOR COMMON ACTION IN ECONOMIC AND MONETARY UNION, ENERGY POLICY, AND INTERNATIONAL ECONOMIC AND MONETARY RELATIONS. BACKGROUND WILL FOLLOW IN SEPTEL. END SUMMARY.

2. THE COMMISSION'S NINE-PAGE DECLARATION SETS FORTH THE "PERILS" THE COMMUNITY IS CURRENTLY FACING. IT DESCRIBES THE COMMUNITY'S ORDEAL AS A CRISIS OF CONFIDENCE, OF WILL POWER, AND OF LUCIDITY. IT CRITICIZES THE INACTION OF THE EC COUNCIL AND SAYS EUROPE'S CURRENT TRAVAIL HAS A FUNDAMENTAL CAUSE -- DOUBT ABOUT THE PLACE OF EUROPEAN UNIFICATION IN ENABLING EUROPE'S PEOPLES TO FACE THE DIFFICULTIES THAT LIE AHEAD. THE DECLARATION WARNS THAT IF EUROPEAN UNITY IS NOT TAKEN MORE SERIOUSLY, NONE OF THE COMMUNITY'S AMBITIONS CAN BE ACHIEVED, EITHER IN THE SHORT RUN OR BY 1980.

3. AS A NUMBER OF COMMUNITY OFFICIALS HAD LED US TO EXPECT, THE STATEMENT PRESENTS NOTHING NEW IN TERMS OF SPECIFIC PROPOSALS ON SUBSTANCE OR OPERATIONAL MATTERS. RATHER, IT WEAVES TOGETHER INTO AN ACTION CALL SOME WELL-KNOWN COMMISSION PROPOSALS. IT NOTES A NUMBER OF SPECIFIC AREAS, SUCH AS ECONOMIC AND MONETARY UNION AND ENERGY POLICY, IN WHICH PROGRESS IS SUSPENDED. IT ALSO IDENTIFIES RENEWED POLITICAL WILL ON THE PART OF THE MEMBER STATES AS THE MOST IMPORTANT INGREDIENT IN BREAKING OUT OF THE PRESENT IMPASSE.

4. THE DECLARATION HIGHLIGHTS THE FOLLOWING INTERRELATED AREAS IN WHICH THE COMMISSION CONSIDERS COMMON ACTION ESSENTIAL (USEC TRANSLATION):  
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BEGIN QUOTE

5. INSIDE THE COMMUNITY, THE DIFFICULTIES OF MONETARY UNION MUST NOT DETER US FROM MOVING FORWARD ON OTHER FRONTS WHERE POSSIBLE. THIS IS THE WAY TO SHOW THAT OUR DETERMINATION IS NOT WEAKENED AND TO PAVE THE WAY FOR A RETURN TO COMMUNITY DISCIPLINE. THIS CAN ONLY BE DONE THROUGH MEASURES TYING US CLOSELY TOGETHER: A STRENGTHENED INTRA-EC

CREDIT SYSTEM, A SOLUTION TO THE PROBLEMS RAISED BY GOLD TRANSACTIONS BETWEEN MONETARY AUTHORITIES, AN ENLARGED ROLE FOR THE EUROPEAN UNIT OF ACCOUNT, AND INITIAL DECISIONS ON RESERVE POOLING.

7. ENERGY POLICY MUST BE A COMMON ONE. AN ORDERLY MARKET IS ONE GOVERNED BY COMMON RULES: SURVEILLANCE OF ONE MARKET, SURVEILLANCE AND HARMONIZATION OF PRICES, CONCERTED MEASURES OF CONSERVATION, AND A COMMON PROGRAM OF RESEARCH.

7. OUTSIDE THE COMMUNITY, THE COMING PERIOD WILL SEE A MAJOR REDEFINITION OF INTERNATIONAL ECONOMIC AND MONETARY RELATIONS. ASSURANCE OF A STABLE AND RELIABLE ENERGY SUPPLY ON ECONOMICALLY REASONABLE TERMS WILL DEPEND ON A MULTITUDE OF INTERNATIONAL NEGOTIATIONS. ONLY A EUROPE ACTING AS A SINGLE ENTITY WILL CARRY SUFFICIENT WEIGHT TO DEFEND THE INTERESTS OF ITS PEOPLE IN THIS VAST CONFRONTATION. ONLY EUROPE ACTING TOGETHER WILL BE ABLE TO CONTRIBUTE FULLY TO THE EFFORT NECESSARY TO AID THE DEVELOPING COUNTRIES IN FACING THE GRAVE PROBLEMS CREATED BY NEW CIRCUMSTANCES.

8. IT IS ESSENTIAL THAT PROBLEMS LINKED TO INTERNATIONAL MONETARY RELATIONS -- WHICH AFFECT PRIMARILY THE VERY SERIOUS QUESTION OF BALANCE OF PAYMENTS -- BE DEALT WITH AS COMMUNITY PROBLEMS, AND THAT EUROPE SPEAK WITH ONE VOICE IN THESE NEGOTIATIONS. IT IS ESSENTIAL THAT EXTERNAL ASPECTS OF ENERGY BE TREATED AS COMMUNITY ISSUES, WHETHER IN CONCERT WITH CONSUMING COUNTRIES OR IN OUR RELATIONS WITH PRODUCING COUNTRIES.

9. THE WASHINGTON CONFERENCE ON ENERGY WILL BE THE TEST OF THE COMMUNITY'S WILL IN THIS AREA. IN BILATERAL

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RELATIONS, IT IS A UNITED EUROPE WHICH CAN BE THE MOST USEFUL AND EFFECTIVE PARTNER IN ORGANIZED COOPERATION WITH THE ENERGY-PRODUCING COUNTRIES. IN GENERAL, IF WE WANT TO AVOID BEING DIVIDED AGAINST OURSELVES, ALL COOPERATIVE ACTION MUST TAKE PLACE IN A COMMUNITY FRAMEWORK. END QUOTE. GREENWALD

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